

Kentucky Agricultural Development Board

Minutes of the February Board Meeting

The regular meeting of the Kentucky Agricultural Development Board was held on **February 21, 2003** at **1:25 p.m.** at the Brown-Forman Room, KY History Center. Vice-chairman Billy Ray Smith, presiding, called the meeting to order, and the Secretary called the roll.

Members Present

Danny Case, Larry Clay, Susan Harkins, Sam Lawson, Sam Moore, Willa H. Poynter, Eddie Sellers, Commissioner Billy Ray Smith, Dean M. Scott Smith, Smith Mitchell designee for Secretary Gene Strong

Members Absent

Vickie Yates Brown, Seth Conner, Wayne Hunt, Governor Paul E. Patton, Michael Slaughter

Others Present

Staff – Josh Benton, David Bratcher, Penny Cline, Sandra Gardner, John-Mark Hack, Bruce Harper, Jeff Harper, Kara Keeton, Maggie May, Bill McCloskey, Joel Neaveill, Gene Royalty, Brad Wellons, Steve Yates **Guests** – Rick Alexander, Commodity Growers Cooperative; Dr. Eric Scorsone, UK College of Agriculture; Dave Maples, KY Cattlemen's Association; Gretchen Schultz, KY Beef Council; Blake Oliver, Community Farm Alliance; Angela Caporelli, KY Department of Agriculture; John Medley, KY Heritage Meats; Jean-Marie Lawson, CITE; Joe Cecil, West KY Grower's Cooperative

Notification of Media

Commissioner Smith received verification from John-Mark Hack that the media had received notice regarding the Agricultural Development Board meeting.

Welcome

Commissioner Smith welcomed everyone to the meeting.

Approval of Minutes

The minutes of the January 17, 2003 meeting were approved as presented.

The minutes of the December 20, 2002 meeting were corrected and approved as corrected. Typographical errors on pages 5 and 7 were corrected: \$2,000 in each instance should be \$7,700. Larry Clay moved that the correction be approved and the minutes readopted; Eddie Sellers seconded the motion. The motion passed without dissent.

Executive Director's Report

John-Mark Hack welcomed the Board and reviewed the agenda for the meeting.

Mr. Hack distributed a copy of the financial summary for the Agricultural Development Fund for the last three fiscal years. *[A copy of the document is on file with the Board Secretary.]*

Mr. Hack provided a legislative update to the Board. House Bill 69 proposes a 2.6% reduction to the ADF in the current and next fiscal years after direct appropriations are removed. Mr. Hack testified before the Senate A & R committee. Mr. Hack noted that the ADF was spared the amount of cuts that other state agencies have faced. The bill is currently under review in the Senate. Mr. Hack also noted that there is rumor that a Senator may be interested in using some of the funds for debt service on another bond issue on additional water line extensions.

Mr. Hack brought the "On-farm Water Program Guideline" draft to the attention of the Board. The document was distributed as an informational piece. The draft will be discussed in the Board Project Review Committees on March 14.

Mr. Hack updated the Board on the status of the NestFresh project that could potentially use the Caproni Building in Mason County.

Mr. Hack spoke about the first Agricultural Finance Corporation (AFC) Board of Director's meeting.

Commissioner Smith, Chairman of the AFC Board of Directors, commented on the Board's first meeting and the direction of the group. The AFC will meet again in 30 days and then will meet quarterly after that.

Mr. Hack briefed the Board on the status of some pending projects for the upcoming March meeting. The three main categories on which staff will be prepared to make recommendations at review are market facility, winery, and aquaculture proposals.

Mr. Hack reminded the Board that last Friday was Jeff Mosley's last day. Mr. Hack noted that this puts staff in a precarious position. The ability to process legal agreements will be slowed significantly. Staff will work to expand the current contract with our outside legal counsel, if possible.

Mr. Hack noted that the Tobacco Impacted Communities Committee would try to setup a conference call for the next week.

Mr. Hack yielded the floor to Kara Keeton to update the Board on three events: Blueberry Production Workshop (2/26); Farm Family Education Expo (3/7); Agricultural Development Leadership Training (3/7).

Mr. Hack introduced Don Van Erden, President of the Van Erden Group, to present the findings of the Aquaculture Study commissioned by the Board.

Mr. Van Erden introduced himself and provided an overview of his presentation.

Mr. Van Erden reviewed the process and sources he used during the study.

Mr. Van Erden reviewed the reasons why *KY aquaculture should be aggressively pursued, in light of market and other factors that indicate significant long-term potential.*

Mr. Van Erden reviewed the reasons why *the development of hatchery and nursery operations should be encouraged where needed, in light of the fact that they are key to Kentucky's industry growth.*

Mr. Van Erden reviewed the reasons why *additional processing capabilities are necessary to move Kentucky products into regional and high-volume markets.*

Mr. Van Erden reviewed the reasons why *Kentucky shrimp producers should be encouraged to consolidate their efforts through a statewide organization.*

Mr. Van Erden reviewed the reasons why *training should be required for new producers to maximize their overall production, processing and marketing efforts.*

Mr. Van Erden reviewed the reasons why *the industry has excellent support from processors and distributors. Those relationships should be nurtured and developed further.*

Mr. Van Erden reviewed the *resources that Kentucky has which are not available in other states, and that those should continue to be fully utilized.*

Mr. Van Erden reviewed the reasons why *commercial lenders need to be made aware of the dynamics of the industry to provide better financing opportunities.*

Mr. Van Erden reviewed the reasons why *Kentucky products need to distinguish themselves from competition to compete on levels on other than price.*

Mr. Van Erden reviewed the reasons why *Kentucky needs to not only maximize within the state, but also focus on regional markets for expansion opportunities.*

Mr. Van Erden reviewed the reasons why *each Kentucky product needs to focus on channels of trade that offer the greatest short-term opportunity.*

Mr. Van Erden reviewed the reasons why *value-added products need to be explored to develop high-value sales volume.*

Mr. Van Erden reviewed the reasons why *all strategic partnership opportunities be explored as they may arise.*

Mr. Van Erden reviewed the reasons why *continuing and consistent efforts need to be made to explore additional opportunities in the industry.*

Mr. Van Erden commented that there is a bright future for aquaculture; there's just a lot of work to do.

Commissioner Smith opened the floor for questions. Having no questions Commissioner Smith thanked Mr. Van Erden for his presentation.

Mr. Hack noted that staff would be developing recommendations on aquaculture proposals in consultation with Angela Caporelli, KDA Aquaculture Specialist. Mr. Hack also noted that from the RFP process Mr. Van Erden was also awarded the meat and dairy goat marketing studies.

Mr. Hack recognized Jean-Marie Lawson to provide a brief update of the REAP project, funded at the January Board meeting. Ms. Lawson updated the Board of the status of the project and thanked the Board for their support.

Referral of August Projects¹

Mr. Hack clarified the process for referring projects to the Board and the timeline for applications making it on each month's referral list.

Mr. Hack presented projects A2003-0021 to A2003-0082 for referral to the Board's Project Review Committees. Sam Moore moved that projects A2003-0021 to A2003-0082 be referred the Board's Project Review Committees; Danny Case seconded the motion. The motion passed without dissent.

Approval of Model Programs²

Mr. Hack presented the amendments to the Agricultural Diversification Program guidelines. The first amendment adds non-motorized equipment essential for the transportation of beehives to the Honeybees section of the Small Animal Production cost-share area. The second amendment adds new reimbursable cost-share items in each of the Eligible Investment Areas of the program guidelines, regarding on-farm direct to consumer sales activities. Susan Harkins moved to adopt the amendments to the Agricultural Diversification Program guidelines; Mr. Sellers seconded the motion. The motion passed without dissent. *[A copy of the amendments is on-file with the Board Secretary.]*

Mr. Hack presented the amendments to the Hay, Straw and Grain Storage Program. The amendments will add blended feeds to the program and change the name to the Hay, Straw and Commodity Storage Program. Sam Lawson moved to adopt the amendments to the Hay, Straw and Grain [Commodity] Storage Program guidelines; Mr. Clay seconded the motion. Commissioner Smith opened the floor for discussion.

Mr. Lawson clarified a point that a livestock farmer could contract with a grain farmer for his grain, and use this program for storage of that grain.

The motion passed without dissent. *[A copy of the amendments is on-file with the Board Secretary.]*

Mr. Moore noted that it was brought to his attention that the Agricultural Diversification program allows tobacco barn conversion for sheep, but there is not a similar provision in the Goat Diversification program. Mr. Moore moved that tobacco barn conversion for goat production be added in the Goat Diversification Program; Ms. Harkins seconded the motion. Mr. Hack noted that the language from the Diversification Program in the sheep section regarding this issue would be used for the Goats. The motion passed without dissent.

Mr. Hack submitted projects A2002-0689, A2003-0003, A2003-0017, and A2003-0025 as projects meeting the model **Agricultural Diversification Program** guidelines. Mr. Case moved that same be approved as model Agricultural Diversification programs; Dean Scott Smith seconded the motion. The motion passed without dissent.

Mr. Hack submitted projects A2002-0677, A2003-0004, and A2003-0015 as projects meeting the model **Forage Improvement & Utilization Program** guidelines. Smith Mitchell moved that projects same be approved as model Forage Improvement & Utilization Programs; Mr. Moore seconded the motion. The motion passed without dissent.

Mr. Hack submitted projects A2002-0687 and A2003-0012 as projects meeting the model **Genetics Improvement Program** guidelines. Mr. Clay moved that same be approved as a model Cattle

¹ A detailed list of the referred projects is attached as Appendix A.

² A detailed list of projects funded under each model program category is attached as Appendix B.

Genetics Improvement Program; Mr. Sellers seconded the motion. The motion passed without dissent.

Mr. Hack submitted projects A2003-0001 and A2003-0008 as projects meeting the model **Goat Diversification Program** guidelines. Mr. Sellers moved that projects same be approved as model Goat Diversification Programs; Mr. Harkins seconded the motion. The motion passed without dissent.

Mr. Hack submitted projects A2002-0686, A2003-0006, A2003-0011, and A2003-0018 as projects meeting the model **Cattle Handling Facilities Program** guidelines. Mr. Moore moved that projects same be approved as model Cattle Handling Facilities Programs; Mr. Mitchell seconded the motion. The motion passed without dissent.

Committee Reports

Blue Project Review Committee

Smith Mitchell reported for the Blue Project Review Committee (PRC). Mr. Mitchell noted that the Blue PRC is presenting 11 projects for funding consideration.

Mr. Mitchell presented applications **A2001-0525 and A2002-0452**. The applicant, **Kentucky Heritage Meats, LLC**, requests \$109,200 in state and county Agricultural Development Funds to establish a custom meat cutting-processing business in Louisville. [A2001-0525 is for \$79,200 of state funds and A2002-0452 is for \$10,000 in Marion County funds. The balance of funds is under other application numbers.] KHM will operate from a producer's base of a tri-county area, including Marion, Nelson and Washington counties. KHM is developing partnerships with local producers of pork, beef, sheep and poultry. Producers will receive a "Bonus" Payment paid quarterly at a rate of \$.05 cent a pound of carcass weight, in addition to payments to producers for livestock at point of sale, which will be based on established markets. Mr. Mitchell reviewed the proposed terms and conditions for the project. Mr. Mitchell moved that project A2001-0525 for \$79,200 in state Agricultural Development Funds and A2002-0452 for \$10,000 in Marion County Agricultural Development Funds be approved; Ms. Harkins seconded the motion. Commissioner Smith opened the floor for discussion.

Mr. Moore asked how \$.05 "Bonus" producers would be identified. John Medley, project lead, addressed Mr. Moore's question.

The motion passed without dissent.

Mr. Mitchell presented application **A2002-0312**. The application received a high priority from Jessamine County. The applicant, **City of Wilmore**, requests \$2,600 in Jessamine County Agricultural Development Funds to assist in the expansion of the farmers' market located in Wilmore. These funds will be used for marketing & promotion, as well as sunshade umbrellas for participating farmers' use. It is projected that these items will increase the farmer participation from the current 10-15 producers to 20-25 in 2003. Mr. Mitchell moved that project A2002-0312 be approved for \$2,600 in Jessamine County Agricultural Development Funds; Ms. Harkins seconded the motion. Commissioner Smith opened the floor for discussion.

Commissioner Smith asked is these producers would be eligible to participate in the Agricultural Diversification marketing items that were just added to the program's guidelines. Mr. Bratcher addressed the Commissioner's question.

The motion passed without dissent.

Mr. Mitchell presented application **A2002-0400**. The application received a high priority from Nicholas County. The applicant, **Nicholas County Board of Education**, requests \$50,000 in Nicholas County Agricultural Development Funds to construct and equip a greenhouse at the Nicholas County High School. Classes will be offered by the Nicholas County Vocational Agriculture staff to three primary groups: 1) Farmers seeking alternative crops (25%); 2) Farmers seeking to learn new and innovative farming techniques (25%); and 3) Nicholas County High School students (50%). Mr. Mitchell moved that application A2002-0400 be approved for \$50,000 in Nicholas County Agricultural Development Funds; Ms. Harkins seconded the motion. The motion passed without dissent.

Mr. Mitchell presented application **A2002-0458**. The application received a high priority from Daviess County. The applicant, **West Kentucky Growers Cooperative, Inc.**, requests \$401,023 in state and county Agricultural Development Funds and KCADE funds. WKGC will use county and state funds to retire 2002 outstanding operating debt with Independence Bank and to pay down an Independence Bank term loan incurred to cover the 2001-operating shortfall. State and county funds will be in the form of a forgivable loan. Up to \$60,000 in KCADE funds will be used for conducting feasibility studies for value-added products: \$25,000 for Step I and \$35,000 for Step II [to be expended only if Step I indicates the need for additional study]. Mr. Mitchell reviewed the proposed terms and conditions for the project. Mr. Mitchell moved that project A2002-0458 be approved for \$286,000 in state & \$55,023 in Daviess County Agricultural Development Funds and up to \$60,000 in KCADE funds; Mr. Clay seconded the motion. Commissioner Smith opened the floor for discussion.

Commissioner Smith noted that Joe Cecil, West Kentucky Growers Cooperative, was present if there are any questions.

Dean Smith asked if WKGC's total indebtedness has increased or decreased. Mr. Cecil said that it is going down.

Mr. Moore asked if WKGC had a positive bottom line after this past operating year. Mr. Cecil said they did not. Mr. Cecil noted that all commodity yields were $\frac{1}{2}$ what was projected. Projected income was greater than 50%, but not enough to make up the difference.

Mr. Lawson asked if they had a budget set for the upcoming year and why productivity was $\frac{1}{2}$ of what was projected. Mr. Cecil addressed those questions.

Mr. Sellers asked about the money requested for the 2001 operating shortfall. Mr. Cecil addressed his question.

The motion passed without dissent.

Mr. Mitchell presented application **A2002-0471**. The application received a high priority from McLean County. The applicant, **West Kentucky Growers Cooperative, Inc.**, requests \$29,821.14 in McLean County Agricultural Development Funds to contribute to the project listed in A2002-0458. Mr. Mitchell moved that A2002-0471 be approved for \$29,821.14 in McLean County Agricultural Development Funds; Mr. Clay seconded the motion. The motion passed without dissent.

Mr. Mitchell presented application **A2002-0474**. The application received a high priority from Whitley, Knox, Laurel and Jackson Counties. The applicant, **Southeast Kentucky Agriculture Cooperative**, requests \$352,525 in state and county Agricultural Development Funds to build and equip a receiving and shipping facility in Corbin. The facility will serve as a receiving station for vegetables that will be shipped to and marketed by Cumberland Farm Products in Monticello. The project has provided a list of 50 area growers with a current production of 226 acres of vegetables. The project will expand to incorporate over 100 producers. Cumberland Farm Products has entered

into a memorandum of understanding with the Southeast Kentucky Agricultural Cooperative. For 2003, a core group of Southeast Coop producers will market their produce through Cumberland Farms through individual grower contracts to establish production levels and address any quality issues that may arise. If the facility is completed for the 2004 growing season, the produce transferred from the Southeast Coop to Cumberland Farms will increase substantially through the involvement of additional growers. Mr. Mitchell reviewed the proposed terms and conditions for the project. Mr. Mitchell moved that application A2002-0474 be approved for \$154,525 in state; \$68,000 in Whitley County; \$90,000 in Knox County; \$25,000 in Laurel County; and \$15,000 in Jackson County Agricultural Development Funds; Mr. Sellers seconded the motion. The motion passed without dissent.

Mr. Mitchell presented application **A2002-0684**. The application received a high priority from Caldwell County. The applicant, **Princeton Recreational, Tourist and Convention Commission**, requests \$500 in Caldwell County Agricultural Development Funds to assist in establishing and maintaining a website to promote tourism with a specific emphasis on agritourism in Caldwell County. Mr. Mitchell moved that application A2002-0684 be approved for \$500 in Caldwell County Agricultural Development Funds; Ms. Harkins seconded the motion. The motion passed without dissent.

Mr. Mitchell presented application **A2002-0690**. The application received a high priority from Union County. The applicant, **Union County Beef Cattle Association, Inc.**, requests \$2,800 in Union County Agricultural Development Funds to present a registered bull sale that will give area producers the opportunity to buy and sell quality bulls. According to the Union County Beef Cattle Association, Inc. this will be the first bull sale ever conducted in Union County made possible by Agricultural Development Funds. Agricultural Development Funds will be used to cover expenses related to marketing and promotion, rental fees on facilities and equipment and mileage to transport rental gates and reimburse the screening committee that will inspect each bull consigned to the sale. The Union County Beef Cattle Association, Inc. will waive consignment fees this year but plan to implement a fee schedule in subsequent years with the goal to be a self-sustaining operation. A representative from the Kentucky Beef Network, a program initiated with Agricultural Development Funds, has been instrumental in identifying cattle producers that have the ability to provide quality bulls for the sale. Mr. Mitchell moved that application A2002-0690 be approved for \$2,800 in Union County Agricultural Development Funds; Mr. Moore seconded the motion. The motion passed without dissent.

Mr. Mitchell presented application **A2003-0002**. The application received a high priority from Marshall County. The applicant, **Marshall County Conservation District**, requests \$25,000 in Marshall County Agricultural Development Funds to administer a lime program for row-crop farmers who did not participate in the Marshall County Forage Improvement Program. Mr. Mitchell moved that application A2003-0002 be approved for \$25,000 in Marshall County Agricultural Development Funds; Willa H. Poynter seconded the motion. The motion passed without dissent.

Mr. Mitchell presented application **A2003-0005**. The applicant, **Central Kentucky Grower's Association**, requests \$303,074 in state Agricultural Development Funds to update a production line, expand to year-round marketing, and to meet the needs of new and existing growers. At present 35 farm families from nine counties are involved in the Central Kentucky Grower's Association. Recent inquiries have the cooperative estimating the number of growers increasing by as much as 100% for the 2003-growing season. The cooperative is seeking these additional funds to expand its operation by allowing existing growers to expand their acreage and to be able to handle new growers, as well. To accomplish and handle this growth a new Master Sizer is needed. Additionally, modifications to the dump mechanisms need to be made and an Automatic Box Filler is needed to help more efficiently utilize labor. Other facility modifications include the need to expand the unloading area, a new forklift and the addition of macro bins. There is also a need to upgrade the computer system. The Blue Project Review Committee recommends approving **\$150,000** of state funds for only the equipment purchases in the form of a forgivable loan. The balance of the request is to come from county contributions and private lending institutions. Mr. Mitchell reviewed

the proposed terms and conditions for the project. Mr. Mitchell moved that application A2003-0005 be approved for \$150,000 in state Agricultural Development Funds; Mr. Case seconded the motion. Commissioner Smith opened the floor for discussion.

Commissioner Smith asked for further explanation from the committee on why the reduction in funds recommended. Mr. Case commented on why the committee recommended the reduced amount.

Ms. Harkins asked how the cooperative did last year. Mr. Bratcher addressed the question. The cooperative did well last year with only a small loss.

The motion passed without dissent.

Red Project Review Committee

Sam Lawson reported for the Red Project Review Committee (PRC). Mr. Lawson noted that the Red PRC is presenting 11 projects for funding consideration.

Mr. Lawson presented applications **A2002-0386 and A2002-0392**. The applications received a high priority from both Nelson and Washington Counties. The applicant, **Kentucky Heritage Meats, LLC**, requests \$10,000 in Agricultural Development Funds from each Nelson and Washington Counties to contribute to the project listed in application A2001-0525. Mr. Lawson moved that applications A2002-0386 and A2002-0392 be approved each for \$10,000 in Nelson and Washington County Agricultural Development Funds; Mr. Sellers seconded the motion. The motion passed without dissent.

Mr. Lawson presented application **A2002-0492**. The application received a high priority from Nicholas County. The applicant, **Nicholas County Fiscal Court**, requests \$50,000 in Nicholas County Agricultural Development Funds for the Nicholas County Fencing Improvement Program (A2001-0390). Mr. Lawson moved that application A2002-0492 be approved for \$50,000 in Nicholas County Agricultural Development Funds; Mr. Case seconded the motion. The motion passed without dissent.

Mr. Lawson presented application **A2002-0513**. The application received a high priority from Breathitt County. The applicant, **Breathitt County Conservation District**, requests \$30,900 in Breathitt County Agricultural Development Funds to implement a shared-use equipment program for county producers. The requested equipment to be made available to producers includes a no-till drill pasture renovator, flex-wing harrow, an herbicide sprayer for weed control, and a lime spreader. This equipment will be made available on a first-come, first-serve basis. The Red Project Review Committee recommends partially funding this request up to **\$23,400** to allow for the purchase of the no-till drill, pasture renovator, and lime spreader. The other equipment is not recommended for funding because it is inconsistent with board priorities. Mr. Lawson moved that application A2002-0513 be approved for \$23,400 in Breathitt County Agricultural Development Funds; Ms. Poynter seconded the motion. The motion passed without dissent.

Mr. Lawson presented application **A2002-0660**. The applicant, **Kentucky's Cattlemen's Association (KCA)**, requests \$1.93 million in state Agricultural Development Funds for a collaborative marketing effort between the Kentucky Beef Council, the Kentucky Pork Producers, Western Kentucky Growers Cooperative, and General Electric Appliances. The groups will promote the achievements of cattle, hog and vegetable producers and their producer groups in the Commonwealth who have been funded by the Ag Development Board, as well as increase marketing efforts for cattle, hog and vegetable producers, in order to make the commodity a consumer demanded and viable end product. In addition this project will create promotion initiatives that focus on buyers of Kentucky cattle, and assist those buyers in distinguishing Kentucky cattle from others in terms of quality and consistency. Mr. Lawson reviewed the proposed terms and

conditions for this project. Mr. Lawson moved that application A2002-0660 be approved for \$1.93 million in state Agricultural Development Funds [funds to come from the \$13 million set aside for marketing efforts]; Ms. Harkins seconded the motion. Commissioner Smith noted that Dave Maples, KCA, was present to answer questions. The motion passed without dissent.

Mr. Lawson presented application **A2002-0661**. The application received a high priority from Laurel County. The applicant, **Laurel County Cattlemen's Association**, requests \$64,050 in Laurel County Agricultural Development Funds to purchase cost-share equipment to be available to all farmers in the county. Requested funds would be used to purchase a forage wrapper, 280-bushel manure spreader, traveling hard hose irrigation gun system, ground driven lime spreader, and plastic mulch layer and water wheel setter. The Red Project Review Committee recommends funding the forage wrapper, irrigation gun system, lime spreader, water wheel setter and appropriate administrative expenses for a total of **\$50,361**. The other equipment is not recommended for funding because it is inconsistent with board priorities. Mr. Lawson moved that application A2002-0661 be approved for \$50,361 in Laurel County Agricultural Development Funds; Mr. Clay seconded the motion. The motion passed without dissent.

Mr. Lawson presented application **A2002-0673**. The application received a high priority from Grant County. The applicant, **Grant County Conservation District**, requests \$13,474 in Grant County Agricultural Development Funds to purchase a Stoltzfus 4-ton WLS OM lime spreader for use on county hillsides. This model is PTO driven and will include 4-wheel hydraulic surge brakes. Mr. Lawson moved that application A2002-0673 be approved for \$13,474 in Grant County Agricultural Development Funds; Ms. Poynter seconded the motion. The motion passed without dissent.

Mr. Lawson presented application **A2003-0007**. The application received a high priority from Jackson County. The applicant, **Wilderness Trail Area Marketing Alliance**, requests \$3,000 in Jackson County Agricultural Development Funds to contribute to the Wilderness Trail Area Marketing Alliance project as listed in project 2001-0228. These funds are for additional construction to their facility; the funds will be used for gutters, downspouts and gable ends. Mr. Lawson moved that application A2003-0007 be approved for \$3,000 in Jackson County Agricultural Development Funds; Mr. Clay seconded the motion. The motion passed without dissent.

Mr. Lawson presented application **A2003-0014**. [Dean Smith recused himself from the review, discussion and vote for this application.] The applicant, **University of Kentucky Research Foundation**, requests \$1,778,647 of KCADE funds to design and implement a leadership program for entrepreneurial coaches or facilitators in 19 tobacco dependent counties in Northeast Kentucky with a goal of building a stronger entrepreneurial culture in the region. Administrative support for the project will be done from the University of Kentucky, as well as, from a support office to be located in West Liberty. The office in West Liberty will coordinate all the local site arrangements for seminars including facility sites, meals, lodging and arranging tours of various entrepreneurial activity sites in the region. The committee recommends funding this application with a 5% administrative expense, rather than the 26% listed in the application, bringing the funding amount to **\$1,482,206**. This project demonstrates one of the main KCADE mission statements: "Building the entrepreneurial capacity of the farmers of the Commonwealth." Mr. Lawson reviewed the proposed terms and conditions for the project. Mr. Lawson moved that application A2003-0014 be approved for \$1,482,206 in KCADE funds; Ms. Harkins seconded the motion. Commissioner Smith opened the floor for discussion.

Mr. Hack noted that Dr. Eric Scorsone from the University of Kentucky College of Agriculture was present to answer any questions.

Ms. Poynter felt that this would help the counties.

Commissioner Smith asked if this program was a kind of "train-the-trainer" program. Dr. Scorsone said that this was that type of program. Those trained in this program would go back to their counties and share the information and "coach" others in the county.

Mr. Mitchell asked Dr. Scorsone if he would be the administrator of the project. Dr. Scorsone stated that he was part of a team that would administer the program (Dr. Ron Hustedde and Dr. Larry Jones comprise the rest of the team).

Mr. Sellers asked if the cost of the program changes depending on the number of "farmers touched." Mr. Hack noted that the project costs are only related to the actual participants in the program, not the number of "farmers touched" by the trained entrepreneurial facilitators.

Mr. Lawson noted that the committee had discussed not including extension personnel as participants in the program. Mr. Hack noted that the Marketing & Extension Committee of the Agricultural Development Board would act as the selection committee for the program and that participants do not receive a stipend; costs are related to actual materials. Ms. Harkins noted that that was why the Marketing & Extension Committee of the ADB would be selecting participants, because an extension agent may be the best person in the committee to participate.

Mr. Lawson stated that if we are going to do this, then one has to buy into the idea that training one or two people in the county can make a demonstrative change on the entrepreneurial attitude of the county. The second thing is that the right people be selected.

Mr. Moore asked about the mini-grant portion of the project. Mr. Hack noted that a portion of the money would be set-aside for mini-grants for participants to do entrepreneurial activities for the farmers in their communities. The entrepreneurial facilitators would actually develop and implement these programs.

The project's budget was reviewed.

Mr. Moore asked if international travel is a vital part of this project. Dr. Scorsone noted that with these types of programs international travel plays an important role and is a worthwhile investment.

Mr. Sellers noted his interest in referring this project back to the Marketing & Entrepreneurship Committee and waiting until March to make a decision.

Mr. Case noted that he is from the area, but is not sure that this is [the answer]. Mr. Hack asked what the answer is for that area, and noted that this is a natural extension of the Center for Agricultural Development & Entrepreneurship.

Mr. Mitchell called the question and Commissioner Smith ended discussion. The vote could not be determined by voice vote, so a roll call vote was taken: 4 Ayes (Harkins, Lawson, Mitchell, Poynter); 5 Nays (Case, Clay, Moore, Sellers, B. Smith); Abstain (S. Smith). The motion failed.

Ms. Poynter suggested that the travel be removed so that more people could participate.

Mr. Case requested that the applicant come speak with them to discuss what they are planning to do. Ms. Harkins noted that they did come speak to the Red Project Review Committee. Mr. Lawson asked if they could come to the next Board meeting to present with the entire group present.

Mr. Mitchell moved that application A2003-0014 be referred to the Marketing & Entrepreneurship Committee for further review; Mr. Lawson seconded the motion. The motion passed without dissent; the application will remain in pending status under the review of the Board's Marketing & Entrepreneurship Committee.

Mr. Lawson presented application **A2003-0016**. The application received a high priority from Jessamine County. The applicant, **Jessamine County Beef Cattle Association**, requests \$5,741 in Jessamine County Agricultural Development Funds to encourage Jessamine County farm families, particularly tobacco farm families, to participate in UK or KBN's established record keeping programs (Farm Financial Management, CHAPS, SPA or herd management/financial management software) by cost-sharing up to \$500 of the program costs. Mr. Lawson moved that application A2003-0016 be approved for \$5,741 in Jessamine County Agricultural Development Funds; Mr. Moore seconded the motion. The motion passed without dissent.

Mr. Lawson presented application **A2003-0019**. The application received a high priority from Nicholas County. The applicant, **Nicholas County Fiscal Court**, requests \$7,566 in Nicholas County Agricultural Development Funds to finish out their Fencing Improvement Program. These funds will reimburse applicants who were not covered in the prior disbursements. Mr. Lawson moved that application A2003-0019 be approved for \$7,566 in Nicholas County Agricultural Development Funds; Mr. Case seconded the motion. The motion passed without dissent.

Review of Amendments

Mr. Hack presented the following amendments for approval.

Application **A2002-0046, Meade County Cattlemen's Association, Inc.**, was originally approved for \$35,000 on February 15, 2002. Due to a clerical error, \$1,750 was inadvertently left off of the total for this project [Cattle Handling] to cover administrative expenses. Approval of an increase of \$1,750 for this project will bring the project balance to \$36,750.

Application **A2002-0047, Meade County Cattlemen's Association, Inc.**, was originally approved for \$35,000 on February 15, 2002. Due to a clerical error, \$1,750 was inadvertently left off of the total for this project [Cattle Genetics] to cover administrative expenses. Approval of an increase of \$1,750 for this project will bring the project balance to \$36,750.

Application **A2002-0046, Meade County Cattlemen's Association, Inc.**, was approved for \$36,750 on February 21, 2003 [amendment]. The applicant requests a decrease in project funds for the Cattle Handling Program of \$1,270. This amount is to go back to the county's account. Approval of this request will amend funds allocated to this project to \$35,480.

Application **A2002-0047, Meade County Cattlemen's Association, Inc.**, was approved for \$36,750 on February 21, 2003 [amendment]. The applicant requests a decrease in project funds of the Cattle Genetics Program of \$1,270. This amount is to go back to the county's account. Approval of this request will amend funds allocated to this project to \$35,480.

Application **A2002-0639, Russell County Dairy Advancement Council**, was originally approved for \$173,000 on January 17, 2003. Due to a clerical error, it is requested that funds awarded this project (Agricultural Diversification) be increased by \$20,000. This amendment would bring the approved project total in line with what the applicant requested. Approval of this request amends funds available to the project to \$193,000.

Application **A2001-0783, Meade County Conservation District**, was originally approved for \$52,500 on December 21, 2001. The applicant requests a decrease in funds awarded to the Forage Improvement Program of \$1,660. This amount is to go back to the county's account. Approval of this request amends funds available to the project to \$50,840.

Application **A2001-0796, Meade County Grain Growers, Inc.**, was originally approved for \$42,000 on January 18, 2002. The applicant requests a decrease in funds for this project of \$3,335. This amount is to go back to the county's account. Approval of this request amends funds available to the project to \$38,665.

Mr. Case moved that the above amendments be approved; Mr. Lawson seconded the motion. The motion passed without dissent.

Recommendations for No-Funding³

Mr. Hack presented projects A2002-0012, A2002-0388, A2002-0390, A2002-0557, and A2002-0588 as projects recommend for no-funding by the project review committees. Mr. Lawson moved that no funding be awarded to same; Mr. Clay seconded the motion. The motion passed without dissent.

Other Business

Mr. Hack reminded guests to sign-in at the front.

Closing Remarks

Commissioner Smith thanked everyone for attending.

The next meeting of the Kentucky Agricultural Development Board will convene at 10:00 a.m. on Friday, March 21, 2003 at Brown-Forman Room, KY History Center. Note time and location of meeting subject to change; ample notification will be given if such a change occurs.

The meeting adjourned at 4:00 p.m.

APPROVED: _____

PRESIDING OFFICER: _____

SECRETARY: _____

³ Detailed list of projects for a no-funding recommendation listed in Appendix C.

APPENIDIX A: *Referred to Project Review*

Applications A2003-0021 to A2003-0082

Appl #	Project Name	Project Type
A2003-0021	Partners for Family Farms	Project
A2003-0022	Bracken County Agriculture Advancement Council	Project
A2003-0023	Kentucky Development Foundation, Inc.	Project
A2003-0024	Green County Farm Bureau Federation	Agricultural Diversification
A2003-0025	Fayette County Conservation District	Agricultural Diversification
A2003-0026	Purchase Area Aquaculture Co-Op/502 Feeds	Project
A2003-0027	Woodford County Agriculture Development Council	Genetics Improvement
A2003-0028	Kentucky Ketch, Inc.	Agricultural Diversification
A2003-0029	Laurel County Cattlemen's Association	Handling Facilities Cost Share
A2003-0030	Harrison County Beef Cattle Association	Hay, Straw and Grain Storage
A2003-0031	Mason County Agricultural Development Council	Agricultural Diversification
A2003-0032	Mason County Agricultural Development Council	Hay, Straw and Grain Storage
A2003-0033	Buffalo Trace Development District	Hay, Straw and Grain Storage
A2003-0034	Ft. Harrod Goat Association	Goat Diversification
A2003-0035	Bullitt County Cattlemen's Association	Forage Improvement
A2003-0036	Lover's Leap Vineyards	Project
A2003-0037	Jackson County Agriculture Development Council	Forage Improvement
A2003-0038	Kentucky Heritage Meats	Project
A2003-0039	Kentucky Ketch, Inc.	Handling Facilities Cost Share
A2003-0040	West Kentucky Growers Co-Op	Project
A2003-0041	Green River Produce Marketing Cooperative	Project
A2003-0042	Madison County Beef Cattle Association	Handling Facilities Cost Share
A2003-0043	Madison County Conservation District	Forage Improvement

APPENDIX A: Referred to Project Review

<i>Appl #</i>	<i>Project Name</i>	<i>Project Type</i>
A2003-0044	Madison County Farm Bureau Federation	Goat Diversification
A2003-0045	Madison County Beef Cattle Association	Genetics Improvement
A2003-0046	Madison County Farm Bureau Federation	Agricultural Diversification
A2003-0047	Green River Feeder Calf Association	Handling Facilities Cost Share
A2003-0048	Green River Feeder Calf Association	Genetics Improvement
A2003-0049	Campbellsville/Taylor County Industrial Development Authority	Agricultural Diversification
A2003-0050	Muhlenburg County Fair Board	Project
A2003-0051	Hart County Cattlemen's Association, Inc.	Genetics Improvement
A2003-0052	Pendleton County Forage Association	Project
A2003-0053	Pendleton County Forage Association	Project
A2003-0054	Gallatin County Conservation District	Forage Improvement
A2003-0055	Gallatin County Livestock Association, Inc.	Hay, Straw and Grain Storage
A2003-0056	Gallatin County Farm Bureau	Genetics Improvement
A2003-0057	Gallatin County Livestock Association, Inc.	Handling Facilities Cost Share
A2003-0058	John Hymer III	Project
A2003-0059	Muhlenberg County Cattlemen's Association	Hay, Straw and Grain Storage
A2003-0060	Elliott County Fiscal Court	Hay, Straw and Grain Storage
A2003-0061	Larue County Farm Bureau	Agricultural Diversification
A2003-0062	Shelby County Cattleman's Association	Genetics Improvement
A2003-0063	Lee County Agriculture Development Council	Forage Improvement
A2003-0064	Pendleton Co. Extension Foundation	Genetics Improvement
A2003-0065	Jackson Purchase RC&D Foundation, Inc.	Goat Diversification
A2003-0066	Jackson Purchase RC&D Foundation, Inc.	Hay, Straw and Grain Storage

APPENIDIX A: *Referred to Project Review*

<i>Appl #</i>	<i>Project Name</i>	<i>Project Type</i>
A2003-0067	Shelby County Cattleman's Association	Forage Improvement
A2003-0068	Jackson Purchase RC&D Foundation, Inc.	Genetics Improvement
A2003-0069	Jackson Purchase RC&D Foundation Inc.	Forage Improvement
A2003-0070	Jackson Purchase RC&D Foundation, Inc.	Handling Facilities Cost Share
A2003-0071	Franklin County Cattlemen's Association	Genetics Improvement
A2003-0072	Franklin County Cattlemen's Association	Hay, Straw and Grain Storage
A2003-0073	Clark County Livestock & Forage Council	Handling Facilities Cost Share
A2003-0074	Clark County Livestock & Forage Council	Genetics Improvement
A2003-0075	Clark County Conservation District	Forage Improvement
A2003-0076	Central Kentucky Aquatics, LLC	Project
A2003-0077	Todd County Conservation District	Forage Improvement
A2003-0078	Todd County Cattlemen's Association	Handling Facilities Cost Share
A2003-0079	Todd County Cattlemen's Association	Genetics Improvement
A2003-0080	Owen County Farm Bureau Forage Subcommittee	Hay, Straw and Grain Storage
A2003-0081	Bath County Agricultural Extension Foundation, Inc,	Project
A2003-0082	Johnson County Conservation District	Handling Facilities Cost Share

APPENIDIX B: *Model Program Lists****Agricultural Diversification***

<i>App #</i>	<i>Project Name</i>	<i>County</i>	<i>Funds</i>
A2003-0025	Fayette County Conservation District	Fayette	\$140,000.00
A2002-0689	Mercer County Farm Bureau	Mercer	\$6,000.00
A2003-0003	Pulaski County Agriculture Advancement Council	Pulaski	\$15,000.00
A2003-0017	Wolfe County Conservation District	Wolfe	\$12,500.00
		Sub Total	\$173,500.00

Forage Improvement

<i>App #</i>	<i>Project Name</i>	<i>County</i>	<i>Funds</i>
A2002-0677	Franklin County Conservation District	Franklin	\$13,000.00
A2003-0004	Lee County Conservation District	Lee	\$6,500.00
A2003-0015	Mercer County Conservation District	Mercer	\$5,000.00
		Sub Total	\$24,500.00

Genetics Improvement

<i>App #</i>	<i>Project Name</i>	<i>County</i>	<i>Funds</i>
A2002-0687	Carlisle County Conservation District	Carlisle	\$9,298.00
A2003-0012	Mason County Livestock Improvement Association	Mason	\$50,000.00
		Sub Total	\$59,298.00

APPENIDIX B: *Model Program Lists****Goat Diversification***

<i>App #</i>	<i>Project Name</i>	<i>County</i>	<i>Funds</i>
A2003-0008	Bourbon County Fiscal Court	Bourbon	\$31,500.00
A2003-0001	Western Kentucky Goat Producers Association Inc.	Muhlenberg	\$6,727.00
		Sub Total	\$38,227.00

Handling Facilities Cost Share

<i>App #</i>	<i>Project Name</i>	<i>County</i>	<i>Funds</i>
A2002-0686	Carlisle County Conservation District	Carlisle	\$9,298.00
A2003-0011	Jessamine County Beef Cattle Association	Jessamine	\$3,500.00
A2003-0006	Mountain Cattlemen's Association	Lee	\$11,221.00
A2003-0018	Nicholas County Fiscal Court	Nicholas	\$50,372.00
		Sub Total	\$74,391.00

APPENIDIX C: *Recommendations for No Funding*

<i>App #</i>	<i>Project Name</i>	<i>County</i>
A2002-0012	T.T Knight Middle School	Jefferson
A2002-0388	Garrard County High School Agriculture Department	Garrard
A2002-0390	Western Kentucky University Research Foundation, Inc.	Warren
A2002-0557	Kentucky Poultry Growers Cooperative, Inc.	Hopkins
A2002-0588	Cartersville Slaughter and Processing Plant, Inc.	Jessamine